

## Message Text

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ACTION EB-07

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TO SECSTATE WASHDC 9553  
INFO AMEMBASSY OTTAWA  
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STATE PASS AGRICULTURE FOR MEEKER AND ANDERSON

E.O. 11652: N/A  
TAGS: EAGR, ETRD, AS  
SUBJECT: AUSTRALIAN MEAT DIVERSIFICATION PROGRAM

1. DPI MINISTER SINCLAIR LAST NIGHT APPROVED NEW AUSTRALIAN MEAT MARKETING DIVERSIFICATION PROGRAM BY WHICH AUSTRALIAN MEAT BOARD (AMB) WILL CONTROL EXPORTS OF BEEF TO US DURING 1977. THE NEW PROGRAM INCORPORATES AMENDMENTS RECOMMENDED BY THE BOARD AND UNANIMOUSLY ACCEPTED BY THE EXPORT PACKING TRADE TO THE PREVIOUSLY PROPOSED "MACKEY SCHEME". AMB HAD ANALYSED MACKEY SCHEME IN DETAIL FOLLOWING INDUSTRY OPPOSITION AND IN LIGHT OF GREATLY CHANGED WORLD MARKET CONDITIONS. THE CHANGES NOW MADE WILL OVERCOME MANY DISADVANTAGES TO EXPORTERS IN NORTH QUEENSLAND AND IN THE NORTH-WEST OF AUSTRALIA INHERENT IN THE MACKEY PLAN, BUT WILL MAINTAIN INCENTIVE TO THE INDUSTRY TO EXPLORE AND DEVELOP MORE DIFFICULT OR NEW MARKETS.

2. BASIS OF THE APPROVED DIVERSIFICATION PROGRAM INVOLVES THE IMMEDIATE ALLOCATION OF 60 PERCENT OF AUSTRALIAN US QUOTA  
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TO EXPORTERS, WITH EACH EXPORTER RECEIVING A TONNAGE ALLOCATION BASED ON HIS TOTAL ELIGIBLE CREDITS CARRIED FORWARD FROM 1976 PLUS A BALANCE SHARE BASED ON HIS PERFORMANCE TO ALL MARKETS IN THE TWELVE MONTHS TO NOVEMBER 30, 1976. THE REMAINING 40 PERCENT OF THE QUOTA WILL BE ALLOCATED IN EARLY MAY ON THE BASIS OF PERFORMANCE TO ALL MARKETS EXCLUDING THE US AND

CANADA FOR THE TWELVE MONTHS ENDING APRIL 30, 1977. THE MINISTER HAS INDICATED THAT THE AMB IN CONSULATATION WITH THE INDUSTRY WILL REVIEW THE CONTROL PROGRAM IN MARCH.

3. COMMENT: THE NEW PROGRAM WILL PROBABLY GIVE GREATER FLEXIBILITY TO INDIVIDUAL EXPORTERS IN RELATION TO THEIR DEALINGS WITH THE US AND OTHER OVERSEAS MARKETS THAN WOULD HAVE BEEN POSSIBLE UNDER THE MACKAY SCHEME, HOWEVER THE PROBLEM OF INTER-PACKER COMPETITION IN THE MORE PROFITABLE DIVERSIFICATION MARKETS SUCH AS SWEDEN AND JAPAN HAS NOT BEEN SOLVED. APPARENTLY, THE MINISTER HAS INSTRUCTED THE AMB TO IMPLEMENT A CONTINUOUS MONITORING SYSTEM OF AUSTRALIAN BEEF PRICES OBTAIN IN JAPAN, OKINAWA, AND SWEDEN, AND TO TAKE ANY NECESSARY ACTION TO PREVENT UNDUE PRICE DISCOUNTING IN THOSE MARKETS TO SIMPLY EARN CREDITS TO SHIP TO THE US. IT IS CLEAR THAT MINISTER SINCLAIR ACCEPTED THE RECOMMENDATIONS OF THE BOARD ON THE UNDERSTANDING THAT THE IMPROVED OUTLOOK FOR BEEF ON WORLD MARKETS WOULD MAKE PRICE CUTTING ON THE MORE PROFITABLE MARKETS LESS LIKELY IN 1977, WHILE DEVALUATION OF THE AUSTRALIAN CURRENCY HAS ALSO PROVIDED AN INCENTIVE TO EXPLORE NON-TRADITIONAL MARKETS.

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